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SINCO TECHNOLOGIES PTE LTD.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SINCO TECHNOLOGIES PTE LTD,

Plaintiff,

v.

SINCO ELECTRONICS (DONGGUAN) CO.,
LTD.; XINGLE ELECTRONICS
(DONGGUAN) CO., LTD.; XINGKE
ELECTRONICS TECHNOLOGY CO., LTD.;
SINCOO ELECTRONICS TECHNOLOGY
CO., LTD.; MUI LIANG TJOA (an
individual); NG CHER YONG aka CY NG (an
individual); and LIEW YEW SOON aka
MARK LIEW (an individual),

Defendants.

Case No. 3:17CV5517

**PLAINTIFF SINCO TECHNOLOGIES
PTE LTD'S TRIAL BRIEF**

PRETRIAL HEARING

Date: October 5, 2021
Time: 3:00 p.m.
Place: Courtroom 5 – 17th Floor
Hon. Edward M. Chen

TRIAL DATE

November 1, 2021

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Pursuant to the Court's **February 1, 2021** Third Amended Case Management and Pretrial Order for Jury Trial [ECF 380], Plaintiff SINCO TECHNOLOGIES PTE LTD., ("S.I.N.C.O.") hereby respectfully submits this Trial Brief.

I. INTRODUCTION

SINCO initially granted its contract manufacturer, XingKe¹ Electronics (Dongguan) Co. Ltd., ("XINGKE.") a geographically-limited license to use its trade name in China within the scope of work for SINCO prior to 2012. In 2012 SINCO entered into a written Supply agreement with XINGKE., which limited the use of the SINCO trademark and other Intellectual property to work provided for SINCO, which was extended by continued written Purchase Orders, whose terms and conditions also contained this limitation. The damages that are asserted occurred after the written agreements, and therefore the oral agreement was superseded by the written agreements. The alleged ex-employees of SINCO are individually named with Mui Liang Tjoa for their specific statements and conduct in the U.S.





In 2016, SINCO learned that its employees,² who were by written agreement stationed to oversee SINCO's interests at the factory, had traveled to the United States to meet with SINCO customers with representatives of XINGKE. Mr. Liew had indicated he was traveling to California to go to Disneyland and he had never before been to the United States. When customers informed SINCO of Mr. Liew's visit with Mr. Tjoa SINCO filed suit against XINGKE and the employees coming to the United States who met with SINCO's customers without permission or disclosure. In 2017, SINCO brought this suit in this case when it learned that XINGKE and its agents had used SINCO's trademarks and employees to divert SINCO's United States business. [E.C.F. 1] SINCO sought to have this matter consolidated, which Defendants' counsel initially agreed to, but then changed his mind, hence two pending cases.

¹ XingKe is the same company as SinCo Elec; "XingKe" is simply the phonetic equivalent of "SinCo" in Hanyu Pinyin. See SAC ¶ 19 and ECF 348 FN1. In 2016, SinCo Elec was renamed to XingKe. Unless necessary to refer to SinCo Elec as it existed prior to XingKe, this order will refer to XingKe.

² To the extent the employment status of Mark Liew and Cy Ng are disputed at trial the agreements make clear that Singapore law would be applied to define their relationship.

A. United States Registered/incontestable Trademarks for SINCO

SINCO will prove at trial that Defendants Ng Cher Yong aka Cy Ng (“Mr. Ng”), Liew Yew Soon aka Mark Liew (“Mr. Liew”), Mui Liang Tjoa (“Mr. Tjoa”), and XingKe Electronics (Dongguan) Co. Ltd., (“X.I.N.G.K.E.”) (collectively, “Defendants”) willfully infringed one or more of the following SINCO registered trademarks, specifically one or more of SINCO’s four federally registered marks: (1) Reg. No. 3,188,537; (2) Reg. No. 4,524,165 [word mark]; (3) Reg. No. 4,524,172; and Reg. No. 4,524,173 (collectively, “Marks”), as shown:

TRADEMARK	REGISTRATION NUMBER	TRADEMARK PICTURE	CLASS OF GOODS
The color green appears in the “sin” component and the right-half of the ying-yang circle. the color red appears in the “co” component and the left-half of the ying-yang circle. The color(s) green and red is/are claimed as a feature of the mark.	3,188,537		9
The mark consists of standard characters without claim to any particular font, style, size, or color.	4,524,165		42
The mark consists of the wording “S.I.N.C.O.” where the “N” and “C” are superimposed over a ying-yang circle.	4,524,172		42
The mark consists of the wording “S.I.N.C.O.” where the letters “sin” are depicted in green and the letters “co” are depicted in red and where the letters “n” and “c” are superimposed over a green and red yin-yang circle.	4,524,173		17

B. Unfair Competition by Passing Themselves off as SINCO

SINCO will prove at trial that Defendants passed themselves off as SINCO by visiting existing SINCO United States clients with SINCO employees, business cards, and project specific information to divert SINCO’s business to XINGKE This process took several week to months for most customers, and some who were confused initially, proceeded to contract with XINGKE rather than risk a disruption in their supply chain. But for, Defendants trademark infringement

1 and unfair competition, Defendants would never have made it past the front door to obtain this
2 business.

3 **II. SINCO'S CLAIMS OF INFRINGEMENT & UNFAIR COMPETITION**

4 **A. Sleekcraft Factors**

5 The eight "Sleekcraft" factors govern whether a likelihood of confusion exists for
6 trademark claims. (see Ninth Circuit Model Civil Jury Instructions §15.18). In addition, the
7 parties have jointly submitted a Jury Instruction setting forth the Sleekcraft factors. Thus, there
8 appears to be agreement that these factors govern in this case. SINCO however objects to
9 Defendants modifications that weave their factual allegations within to imply a finding that has
10 not yet been made by the Jury, this is improper. Specifically, they modify the factor as to actual
11 confusion, Consumer's Degree of care, and Defendants' Intent in such a way as to give those
12 factors more weight. Furthermore, they add a mitigation Jury instruction, which has no place in a
13 Lanham act case. Moreover, Defendants have not asserted any affirmative defenses for failure to
14 mitigate as it relates to SINCO's complaint.

15 An affirmative defense, once forfeited, is "exclu[ded] from the case." *Wood v. Milyard*,
16 566 U.S. 463, 470, (2012). If a defense is not raised in the answer or responsive pleading, it is
17 generally waived. *See* 5 C. Wright and A. Miller, Federal Practice and Procedure, Civil §
18 1278. *Allstate Ins. Co. v. Barnett*, No. C-10-0077 EMC, 2012 WL 707421, at *4 (N.D. Cal. Mar.
19 5, 2012) (Judge Chen: "[i]t was never raised as an affirmative defense in Mr. Barnett's answer
20 and, therefore, has been waived.")

21 Judge Chen citing the Restatement (Second) of Judgments notes:

22 An issue is not actually litigated if the defendant might have interposed it as an
23 affirmative defense but failed to do so; nor is it actually litigated if it is raised by a
24 material allegation of a party's pleading but is admitted (explicitly or by virtue of a
25 failure to deny) in a responsive pleading; nor is it actually litigated if it is raised in
26 an allegation by one party and is admitted by the other before evidence on the issue
27 is adduced at trial; nor is it actually litigated if it is the subject of a stipulation
28 between the parties.

Rest. (2d) of Judgments § 27, cmt. (e).

Applying the factors, there is no question that XINGKE was using the **same mark (SinCo)** for the **same goods** and goods SINCO was likely to **expand** to. This is shown in their presentation materials to SINCO's customers, and trademark application with the same ying-yang symbol, same red and green colors and same letters and font, and a **confusing similar** mark SinCoo and XingKe, which also mirrored the same colors and font, and is pronounced the same by a Chinese speaker (noting that Chinese representative spoke with U.S. customers). Cy Ng took SINCO's powerpoint slides and reused them for XINGKE, replacing Jonathan Chee with Mui Liang Tjoa. XINGKE's **intent** in using the SINCO marks is evidenced by the fact it met only U.S. customers that had a pre-existing relationship with SINCO, while accompanied by SINCO employees, and discussed specific SINCO projects. Moreover, they filed trademark applications for the same marks and the confusingly similar marks. This evidences a clear intent to trade on SINCO's goodwill and trademark. XINGKE justifies this by redefining SINCO as its sales agent, while ignoring the Supply agreement and purchase Orders that show a customer hiring a manufacturer.

B. Relationship of XINGKE with Sincoo

Defendants object to the Jury instruction related to Plaintiff establishing that Sincoo is in fact the same as XINGKE is a factual question that should go to the Jury. The Defendants have consistently argued different positions as it relates to their relationship with Sincoo. Regardless, it is just as likely that XINGKE stole the identity of SinCoo to perpetuate the infringement in the United States, much as they did to SINCO. In 2015, XINGKE was providing anodizing services to SINCO, but magically SinCoo materialized in 2014 at the exact location using the same equipment and providing competing services as XINGKE. Of the numerous SINCO employees that had visited the factory in that time frame, none recall an entity separate from XINGKE, much less one that was called SinCoo. There is no evidence that between 2014 and 2015, SinCoo existed anywhere except on paper. Mr. Tjoa testified that SinCoo's identical website claiming to be part of XINGKE was copyright infringement, but two years later, they are still apparently in operation. Tjoa testified they worked on the same projects for U.S. customers and acknowledged that SinCoo made metal parts, but XINGKE only made plastic parts. Yet, in every presentation

1 that XINGKE used and produced in this litigation, they claim to manufacture metal parts and
2 have CNC and anodizing capabilities. The objective evidence to be presented to the Jury is not
3 only did XINGKE use the SINCO marks, they also induced or actually created the SinCoo mark.

4 **C. Safe Distance Rule**

5 Defendants were obligated to maintain a safe distance from SINCO's trademark, but instead
6 they adopted an alternative translation of SINCO in the form of XINGKE. While SINCO
7 acknowledges that the English words and spelling appear different, the issue is that Chinese
8 speakers do not, so when they pronounce the name XINGKE it sounds exactly the same as
9 S.I.N.C.O., which was demonstrated multiple times during the depositions of XINGKE's
10 employees. The change from SINCO to X.I.N.G.K.E., maintained the same colors and
11 pronunciation, even if the letters and words were clearly different. Trademarks are considered in a
12 context and their sound is an important aspect, especially as here when the pronunciation lands
13 squarely on SINCO trademark.

14 Under the 'Safe Distance' rule a trademark owner is entitled to protection against identical
15 marks and all those marks that are "confusingly similar" to the protectable mark. *Sindharella, Inc.*
16 *v. Vu*, No. C 07-04353 WHA, 2008 WL 410246, at *7 (N.D. Cal. Feb. 12, 2008) citing *Horphag*
17 *Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1040 (9th Cir. 2003). This rule was created to prevent
18 known infringers from using trademarks whose use by non-infringers would not necessarily be
19 actionable. See *Broderick & Bascom Rope Co. v. Manoff*, 41 F.2d 353 (6th Cir.1930). The safe
20 distance rule is meant to ensure that the defendant does not retain any lingering benefit or goodwill
21 from its past infringing activities. *Sunbeam Prods. Inc. v. West Bend Co.*, 123 F.3d 246 (5th Cir.
22 1997) ("The 'safe distance' rule vests broad discretion in the district court, to ensure that the
23 Lanham Act is not frustrated by manufacturers who seek to circumvent injunctions with subsequent
24 modifications. Accordingly, the 'safe distance' rule permits the court to issue injunctions that sweep
25 even more broadly than the Lanham Act would permit against a manufacturer who has not already
26 been found liable for trademark infringement."). The safe-distance rule is intended to proscribe
27 infringers who have been caught "red handed," as it were, from using a name intended to continue
28 to profit from the goodwill established by the trademark owner. As the Ninth Circuit held in *Plough,*
Inc. v. Kreis Laboratories, 314 F.2d 635, 639 (9th Cir.1963):

"We also agree with [the trademark owner] that an infringer, once caught, should have his
conduct carefully scrutinized in any future operations so as to determine his intent in going as far
as he does. He must be required to keep a safe distance away from the margin line...[A trademark
infringer] should have its conduct carefully scrutinized in future use and should not be allowed to

claim the same leniency accorded a good faith user who starts use of the mark which the enjoined defendant has shifted to. Otherwise, the enjoined defendant could simply make a tiny change and start a new trademark contest all over again in the context of the contempt hearing as to the use of the “new” format.”

Wolfard Glassblowing Co. v. Vanbragt, 118 F.3d 1320, 1323 (9th Cir. 1997) (citing McCarthy on Trademarks § 30.13[1] (1996))

There is substantial evidence indicating Defendants copied Plaintiff and the likelihood that phonetic equivalent of “XingKe” is being used to continue the deception by maintaining the same color scheme, capitalization, and literal translation. Again, this is an aspect of pronunciation of a Chinese speaker.

These similarities in a vacuum may be explained in the first instance, but this is in the context of being accused on infringement, demonstrated that they developed a similar mark to trade on the goodwill established by SinCo. *Rossi Ventures, Inc. v. Pasquini*, 2012 WL 5949770, at *4 (D. Colo. Nov. 28, 2012) (after the Preliminary Injunction Defendants must stay a ‘safe distance’ away from the Plaintiff’s mark”). The Ninth Circuit stated a defendant can’t attempt to “walk as close to the line as they can” by a de minimis change in the mark. *Transgo v. Ajac Transmission Parts Corp.*, 211 U.S.P.Q. 598, 82 A.L.R. Fed. 97 (9th Cir. 1985.)

According to XINGKE, ML Tjoa asked it to change the logo and its English name, to be distinct from SinCo. This is far from reality as demonstrated on the next page regarding the similarity analysis. The Ninth Circuit has stated that “[a]n injunction may be framed to bar future violations that are likely to occur.” *United States v. An Article of Drug*, 661 F.2d 742, 747 (9th Cir.1981). Thus, under this doctrine, defendants should be barred from using XingKe, and must do more than just see how close they can come with safety to that which they were enjoined from doing. The court may require the defendant to choose a distinctively different mark rather than to hew so close to the line that the parties must interminably return to court to haggle about every mark. *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 227 U.S.P.Q. 138 (7th Cir. 1985).

III. DEFENDANTS’ AFFIRMATIVE DEFENSES

A. Abandonment

1. **Recordal Requirement for Trademark License**

A trademark license shall be filed by the licensor for recordal with the P.R.C. Trademark Office (“T.M.O.”), provided that such trademark has been approved by T.M.O. for registration (“registered trademark”), according to Article 43 of the P.R.C. Trademark Law (2019 Revision).

1 The 2013 Revision and 2001 Revision of the P.R.C. Trademark Law also provided similarly.
 2 China requires that a trademark licensor record a trademark license with the Chinese Trademark
 3 Office. See Kossof, The New Chinese Trademark Law, 104 Trademark Rptr. 867, 892 (2014). §
 4 18:54. Federal, foreign and state trademark licensing law compared, 3 McCarthy on Trademarks
 5 and Unfair Competition § 18:54 (5th ed.). SINCO has investigated, and while XINGKE did
 6 register for the “SinCo” mark as their own in China it never recorded a license, which is
 7 inconsistent with their current position in this litigation.

8 **a. XINGKE Did Not File For Trademark License Recordal.**

9 SINCO ran a proprietary trademark search against “SINCO TECHNOLOGIES PTE
 10 LTD” (“SinCo”) on T.M.O.’s database, which revealed a total of eight trademark applications
 11 dated **August 24, 2012**. They were applications for “SinCo” and “SinCo & Device” marks in
 12 Classes 9, 17, 40 and 42, some of which were approved for registration while some were rejected.
 13 SinCo’s Class 17 registrations only cover a standalone item “plastic film, not for packaging”
 14 because they were partially rejected. XINGKE has applied for “SinCo & Device” mark in Class
 15 17 (rubber products, etc.) on **August 25, 2010**. SINCO moved to cancel this pirate mark based on
 16 non-use ground, which was granted on two of the registrations. XINGKE has appealed to the
 17 Beijing High People’s Court. As such, Xingke DG’s pirate registration for “SinCo & Device”
 18 mark in Class 17 was approved before SinCo filed an application for the same mark. Therefore,
 19 SinCo did not need to, and in fact could not, file for license recordal because SinCo did not own
 20 prior P.R.C. registrations. It was fine for SinCo to authorize the use of SinCo/SinCo & Device
 21 logo and its associated copyright by Xingke DG for contractual manufacturing purpose, if any.

22 **b. The Absence Of A License Recordal Will Not Render The**
 23 **License Invalid**

24 Even if the licensor has valid P.R.C. registrations, the absence of a license recordal will
 25 not render the license invalid, but such license shall not be used against a good faith third party
 26 (para. 3, Article 43 of the P.R.C. Trademark Law). We ran a quick search on T.M.O.’s online
 27 database against the Chinese name of Xingke as licensee, cross-referencing “Sinco” as the
 28 licensed trademark, and did not locate any hits.

2. Quality Control Obligation Of A Trademark Licensor In CHINA

Defendants claim that SINCO's lack of adequate control in CHINA over XINGKE resulted in abandonment of SINCO's U.S. trademark rights. The licensor of a registered trademark shall supervise the quality of goods on which the licensed trademark is used. A licensor's failure to perform such obligation may give rise to joint liability for defective goods produced or sold by the licensee (see *Cangzhou Healthy Feeds Development Co., Ltd. v Tianjin Nanda High Technology Co., Ltd. and Tianjin Nanda Haitai Technology Co., Ltd.* (Case No.: S.P.C. 2008 Min Shen Zi No. 923-1)). Nevertheless, courts may require proof of licensor's participation in, or awareness of, the licensee's infringing activities during the use of the licensed mark, before holding the licensor jointly liable (see *WANG Baoqiang v Sichuan Songmaoshijia Technology Co., Ltd.* and others (Case No.: Beijing Internet Court 2019 Jing 73 Min Zhong No. 1202)). SINCO did not know that XINGKE was selling products to U.S. customers until summer of 2016, and immediately upon learning of the U.S. activity filed suit to protect its rights.

A licensor's failure to perform the quality control obligation will not render the licensed trademark invalid, or lead to abandonment of the licensor's right to the licensed trademark in China. First, the grounds for cancelling and invalidating a registered trademark are provided by the P.R.C. Trademark Law, which do not include a licensor's failure to perform the quality control obligation. Second, nowhere in the P.R.C. Trademark Law or any other relevant P.R.C. laws provides for automatic abandonment of the right to a trademark, except for non-renewal or failure to respond to trademark cancellation applications. We reproduce the full provision of

Article 43 of the P.R.C. Trademark Law (2019 Revision) for your references: Article 43:

"A trademark registrant may enter into a trademark licensing contract to license the use of its registered trademark to others. The licensor shall supervise the quality of commodities on which the said registered trademark is used by the licensee. The licensee shall ensure the quality of commodities on which the said registered trademark is used.

For licensed use of a registered trademark, the name of the licensee and the place of origin of the commodities shall be stated on the commodities on which the said registered trademark is used.

For licensed use of a registered trademark, the licensor shall file record of the licensing of the said trademark with the trademark bureau, and the licensing shall be gazetted by the trademark bureau. Non-filing of the licensing of a trademark shall not be contested against a good faith third party."

3. Quality Control in the United States:

SINCO embedded employees in CHINA for quality control. Although inaccurate, Defendants assert that these were their employees doing quality control. Even absent formal quality control provisions, a trademark owner does not abandon its trademark where “the particular circumstances of the licensing arrangement” suggest that the public will not be deceived. (internal quotation marks omitted). *Hokto Kinoko Co. v. Concord Farms, Inc.* 738 F.3d 1085, 1098(9th Cir. 2013). Such circumstances exist “where the licensor is familiar with and relies upon the licensee’s own efforts to control quality.” *Id.* (internal quotation marks omitted). More specifically, the licensor may establish adequate quality control by demonstrating a close working relationship between the licensor and the licensee. *Id.*

a. Employment Issues are Subject to Singapore Law

Defendants propose Jury instructions as to the employment relationship, using California law to define it. This is a red herring issue used to distract the Jury, because whether Mark Liew and Cy Ng were employees of SINCO or of XINGKE, they are both guilty of trademark infringement and unfair competition. However you define the relationship with SINCO, the Defendants were being paid by SINCO and working on SINCO projects subject to written agreements, and their actions violated those agreements.

The objective evidence was that Mr. Liew and Mr. Ng were hired by S.I.N.C.O., because (1) they applied for a job with S.I.N.C.O., (2) they referenced SINCO as their employer in government documents, (3) they were paid in Singapore dollars from S.I.N.C.O., and (4) they worked exclusively on SINCO projects.³ Yet Mr. Ng and Mr. Liew subjective understanding was that they worked for XINGKE, but admittedly never informed SINCO of that understanding. More importantly, Mr. Liew and Mr. Ng never expressed that understanding to U.S. customers who understood them to be SINCO employees, based on their objective actions and prior

³ Mr. Ng stated that if he was barred from working on all projects previously related to SINCO he would lose 90 % of his work at XINGKE. **July 6, 2018** Decl. Ng. at ¶ 18 (“*I am not fluent and Chinese, and losing the ability to speak with the English customers that SinCo Singapore claims are its customers alone would take away about 90 percent of my work, leaving me effectively with no work.*”)

1 engagement on projects with S.I.N.C.O., just as SINCO objectively believed them, to be its
2 employees. The written employment agreements make clear that Singapore law will apply.

3 Similarly, XINGKE's subjective understanding was that it had a free unlimited license to
4 exploit the trademarks of its largest customer, contrary to the objective evidence of its dozens of
5 trademark applications claiming sole creation and ownership of the mark. SINCO on the other
6 hand believed that XINGKE would honor the terms of the Supply Agreement and related
7 purchase Orders, based on an affirmative signature acknowledging that commitment. Thus,
8 SINCO's reliance on its employees and contract manufacturer was objectively unreasonable.
9 Upon learning of quality issues, SINCO immediately addressed them with the factory, who in
10 response sold the company to SINCO's competitor.

11 For a licensor to justifiably rely on a licensee for quality control, there must be some form
12 of special relationship between the parties, such as a familial relationship or a long period of close
13 business association. *Taco Cabana Intern., Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1121, 19
14 U.S.P.Q.2d 1253, 1259 (5th Cir. 1991) (Brothers cross-licensed each other to use the same trade
15 dress in their restaurants and sufficient quality control was found. "Where the license parties have
16 engaged in a close working relationship, and may justifiably rely on each parties' intimacy with
17 standards and procedures to ensure consistent quality, and no actual decline in quality standards is
18 demonstrated, we would depart from the purpose of the law to find an abandonment simply for
19 want of all the inspection and control formalities.") See also: *Alexander Ave. Kosher Restaurant*
20 *Corp. v. Dragoon*, 306 A.D.2d 298, 762 N.Y.S.2d 101 (2d Dep't 2003) (Licensor could validly
21 rely on the ability of the licensee to adhere to the required quality standards because the licensee
22 operated a restaurant property purchased indirectly from the licensor and the licensee was a
23 former manager of that restaurant.) SINCO worked with XINGKE for over 15 years.

24 In some cases, a less demanding level of quality control may be tolerated in a license
25 between companies with a long-lasting and close relationship. *Woodstock's Enterprises Inc.*
26 *(California) v. Woodstock's Enterprises Inc.* (Oregon), 43 U.S.P.Q.2d 1440, 1997 WL 440268,
27 *9 (T.T.A.B. 1997), aff'd, 152 F.3d 942 (Fed. Cir. 1998) (No abandonment from an informal,
28 implied license of a mark to restaurants which had a close association and overlapping ownership

of corporate shares. “The restaurants’ and their owners’ close association warrant a relaxation of policing formalities.”) SINCO had helped build XINGKE into a million-dollar manufacturing company over 15 years and had closely been involved in its success, and XINGKE’s resale eight months later at twice the price demonstrated the business that was taken from SINCO.

4. Defendants’ Attempt to Exclude Evidence in China

Defendants claim worldwide abandonment of the “SINCO” U.S. trademarks, based on actions limited to China, but move to exclude evidence that in 2016 The Trademark Review and Adjudication Board of the People’s Republic of China determined that Defendant XINGKE had no valid use to the mark based on SINCO’s rights. Joseph Farris Declaration (“*Farris Decl.*”) ISO MIL NO. 2 Exhibits D and I. This double standard as to the evidence is simply unreasonable. Defendants’ cannot simply disavow their actions when it tends to prove SINCO’s case. In the same vein, XINGKE must make more than conclusory assertion absent evidence or witness.

a. Defendants’ Attempt to Expand Evidence in China to the World

Defendants further argue that the factory’s use in China resulted in a worldwide abandonment. Still, the issue of abandonment is presently limited to the United States, the jurisdiction these asserted trademarks were registered. This paradox is best illustrated by Defendants’ Motion in Limine 2:

However, under the well-established territoriality principle, evidence relating to Chinese trademark proceedings are irrelevant to these claims. *See, e.g., Vanity Fair Mills, Inc. v. The T. Eaton Co.*, 234 F.2d 633, 639 (2d Cir. 1956) (“[W]hen trademark rights within the United States are being litigated in an American court, the decisions of foreign courts concerning the respective trademark rights of the parties are irrelevant and inadmissible.”); *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985) (same); *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, No. CV-15-04950, 2017 WL 10434404, at *3 (C.D. Cal. Jan. 20, 2017) (“Central to trademark law is the territoriality principle—‘trademark rights exist in each country solely according to that country’s statutory scheme.’” DEF MIL 2

Moreover, many courts have held that a finding of uncontrolled licensing should not work as a total abandonment of the mark, but a forfeiture of mark rights only in those geographic locations where use of the mark has not been adequately controlled. Even if they are successful in demonstrating abandonment in China, which is doubtful, courts have determined the abandonment of right to be limited geographic location. *Sheila’s Shine Products, Inc. v. Sheila Shine, Inc.*, 486

F.2d 114, 124, 179 U.S.P.Q. 577, 17 Fed. R. Serv. 2d 1435 (5th Cir. 1973) (“[W]e deem it consistent with general principles of trademark law to hold that a user may abandon a trademark in certain states without abandoning it in others.”); See also *E. F. Prichard Co. v. Consumers Brewing Co.*, 136 F.2d 512, 522, 58 U.S.P.Q. 362 (C.C.A. 6th Cir. 1943) (abandonment only of rights in geographic area where uncontrolled licensing); See also *Tumblebus Inc. v. Cranmer*, 399 F.3d 754, 765, 73 U.S.P.Q.2d 1561, 2005 F.E.D. App. 0021P (6th Cir. 2005) (“[T]here is considerable support for the concept that rights in a mark may be abandoned in certain geographic areas but not others (i.e., ‘partial geographic abandonment.’” Possible abandonment in territories other than that where the accused use is made is irrelevant.); See also *Winnebago Industries, Inc. v. Oliver & Winston, Inc.*, 207 U.S.P.Q. 335, 341, 1980 WL 30138 (T.T.A.B. 1980) (dictum that uncontrolled licensing could result in abandonment only of market of licensed toys).

5. Defendants’ Lower the Standard of Proof Required for Abandonment

The party who raises the challenge that a mark has been abandoned for non-use has the burden of proof. *Perry v. H. J. Heinz Company Brands, L.L.C.*, 994 F.3d 466, 474 (5th Cir. 2021) (The District Court erroneously put the burden of proof of a lack of sales on the trademark owner, not on the challenger. Since abandonment results in a forfeiture of rights, the courts are reluctant to find an abandonment. § 17:12. Clear and convincing proof of abandonment is required, 3 McCarthy on Trademarks and Unfair Competition § 17:12 (5th ed.).

Defendants attempt to change the standard regarding the standard needed to prove abandonment. *Grocery Outlet, Inc. v. Albertson’s Inc.*, 497 F.3d 949, 951 (9th Cir. 2007) (“[a]bandonment of a trademark, being in the nature of forfeiture, must be strictly proved,” by clear and convincing evidence). The majority of courts, including this district, have interpreted the “strictly proved” rule to mean that evidence of the elements of abandonment must be clear and convincing. *Cash Processing Services v. Ambient Entertainment, Inc.*, 418 F. Supp. 2d 1227, 1231-1232, 78 U.S.P.Q.2d 1780 (D. Nev. 2006) (“Strictly proved” means that abandonment must be proven by clear and convincing evidence. Summary judgment of abandonment was denied.); *Burgess v. Gilman*, 78 U.S.P.Q.2d 1773, 2006 WL 449212 (D. Nev. 2006) (accord); *Electro Source, L.L.C. v. Brandess-Kalt-Aetna Group, Inc.*, 458 F.3d 931, 80 U.S.P.Q.2d 1161 (9th Cir.

2006) (Court of appeals did not decide, but noted that a district court had held that “strictly proved” means “clear and convincing evidence.”); *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1355, 33 U.S.P.Q.2d 1961 (E.D. N.Y. 1994)(“[A]n affirmative defense alleging a break in Plaintiff’s chain of priority under the doctrine of abandonment must be proven by clear and convincing evidence.”) *E.H. Yacht, L.L.C. v. Egg Harbor, L.L.C.*, 84 F. Supp. 2d 556, 564, 53 U.S.P.Q.2d 1640 (D.N.J. 2000) (“Abandonment being in the nature of a forfeiture,” the elements of discontinuance of use and intent not to resume use must be “strictly proved.” This means proof by “clear and convincing evidence.”) *Perry v. H. J. Heinz Company Brands, L.L.C.*, 994 F.3d 466, 474 (5th Cir. 2021) (“Courts have equated the requirement for strict proof to the burden of providing clear and convincing evidence.”)

B. Defendants’ Mistate the Elements of False Advertising

Defendants’ Proposed Jury instruction, is inconsistent with 15.5 and the precedential case they cite, *Rice v. Fox Broadcasting Co.*, 330 F.3d 1170, 1180 (9th Cir. 2003). Defendants’ expand on the four elements provided for in Rice.

C. Defendants’ Mistate the Statute of Limitation for Lanham Claims

Defendants’ Proposed Jury instruction, ignore the four-year stute of limitations for Lanham act claims and replace it with an instruction as to the Stute of limitations as to Fraud or Mistake. *See* C.A.C.I. 1925 Affirmative Defense—Statute of Limitations—Fraud or Mistake.

In general, the statute of limitations for a Lanham Act claim brought in conjunction with a claim of trademark dilution under state law is four years. *Miller v. Glenn Miller Prods.*, 318 F.Supp.2d 923, 942 n. 11 (C.D.Cal. 2004) (stating that “[t]he Lanham Act does not contain a statute of limitations, and therefore Lanham Act claims are governed by the analogous state statute of limitations,” which is four years). The statutes of limitations for statutory and common law unfair competition claims are also four years. *Eliminator Custom Boats v. Am. Marine Holdings, Inc.*, 2007 WL 4978243, at *3 (C.D. Cal. Nov. 5, 2007) (statute of limitations for claim of common law unfair competition claim is same as statute of limitations for state statutory unfair competition claim, which is four years).

D. Defendants' Invalidity Defense is Waived

Defendants' have for the first time in their verdict form claimed that the SINCO trademarks are potentially invalid. The Lanham Act provides that marks registered on the Principal Register "shall be prima facie evidence" of the validity of the registered mark, of its registration, of the registrant's ownership, and of the registrant's exclusive right to use the mark on the goods or services specified in the registration. Lanham Act § 33(a), 15 U.S.C.A. § 1115(a); Lanham Act § 7(b), 15 U.S.C.A. § 1057(b). The Lanham Act provides that registration of a mark on the Principal Register "shall be prima facie evidence" of the validity of the registered mark, of its registration, of the registrant's ownership, and of the registrant's exclusive right to use the mark on the goods or services specified in the registration. McCarthy on Trademarks and Unfair Competition § 32:138 (5th ed.) See § 32:139. (citing Lanham Act § 33(a), 15 U.S.C.A. § 1115(a); Lanham Act § 7(b), 15 U.S.C.A. § 1057(b). Courts view "prima facie evidence" of validity as having the more robust impact of shifting the "burden of proof" to the challenger, who must shoulder the burden of proving invalidity by a preponderance of the evidence. The Second Circuit Court of Appeals held that the prima facie effect of a registration means not only that the party challenging the mark has the burden of going forward with the evidence, but that the party contesting the validity of the mark "has the burden of proof and in order to prevail it must put something more into the scales than the registrant." *Aluminum Fabricating Co. of Pittsburgh v. Season-All Window Corp.*, 259 F.2d 314, 316 (2d Cir. 1958). However, as shown below the marks are incontestable and thus the validity of the trademarks may not be challenged.

E. SINCO's Trademarks Are Incontestable

Section 33(b) provides that if the right to use has become incontestable under § 15, then the registration shall be conclusive evidence of the validity of the registered mark and its registration, of the registrant's ownership of the mark, and of the registrant's "exclusive right to use" the registered mark on the goods or services. Lanham Act § 33(b), 15 U.S.C.A. § 1115(b). The 1995 Supreme Court decision in the Park' N Fly case held that the validity of an incontestably registered mark could not be challenged. *Park' N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, (1985). *Retail Services, Inc. v. Freebies Publishing*, 364 F.3d 535, (4th Cir.

2004) The Supreme Court’s 1985 *Park ‘N Fly* decision holds that the validity of the incontestably registered mark cannot be challenged on the ground that the designation is not a valid trademark because it is descriptive and lacks a secondary meaning. *Park ‘N Fly* concerned the issue of validity. The Supreme Court has agreed with this metaphor, remarking that:

The incontestability provisions, as the proponents of the Lanham Act emphasized, provide a means for the registrant to quiet title in the ownership of his mark. ... The opportunity to obtain incontestable status by satisfying the requirements of § 15 thus encourages producers to cultivate the good will associated with a particular mark.

(“The validity of the same registered mark, after qualifying for incontestable status, is conclusively presumed and may not be challenged as merely descriptive.”) *K.P. Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 606, (9th Cir. 2005) (“[T]he challenger of an incontestable mark cannot assert that the most salient feature of the mark is descriptive and lacks secondary meaning.”).

IV. THE PROPOSED JURY VERDICT FORMS

A. SINCO’S Proposed Verdict Form is Simple and Should be Adopted

SINCO prepared its proposed Jury Verdict Form with the goals of simplicity and minimizing the burden on the jurors. SINCO’s proposed Verdict Form includes just 17 questions, each of which calls for a single “Yes” or “No” answer or the entry of a the dollar amount or year. In contrast, Defendants is complicated and disjointed to attempt a strategic advantage and color the law provided for in the Jury instructions. The questions mix legal theories inconsistent with the headings provided.

Dated: September 14, 2021

Respectfully submitted,

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